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Great importance of silver in the monetary history of the country.

A very disingenuous and unworthy attempt is made to belittle the importance of silver in the monetary history of the country, and to misrepresent what is intended by its remonetization, by iterating and reiterating the totally irrelevant fact, that one particular silver coin, the dollar piece, was never coined at the mints in large numbers. This fact is of no more importance than the other fact, which is equally true, that the gold coin of the value of one dollar has been minted in only small numbers, and is now not permitted to be minted at all. It is not a particular silver coin, the remonetization of which is demanded, but it is the metal silver, in whatever denominations of coins the law may authorize and depositors of silver bullion at the mints may choose to demand. The reasons why they never did demand the dollar piece in large quantities is perfectly well known. It was the great abundance of the Spanish silver dollars, when the mint was first established, and for forty or fifty years afterward, followed by the great abundance of the Mexican silver dollar, both of which were made a legal tender in this country, by tale or count. But while the unnecessary expense was avoided of procuring the coinage of a particular piece, which was already well supplied, it is still true that for fifty-four years, from 1793, when the mint went into operation, to 1846, both inclusive, there was more full tender silver coined than gold, the figures being for silver $68,839,014, and for gold $52,344,522. And even from 1834 to 1846, both inclusive, although silver was largely undervalued by the coinage law of 1834, there was nearly as much full tender silver as gold coined, the figures being for silver $32,763,937 and for gold $40,518,652. The preponderance of silver down to 1847 was even more marked in the circulation than in the coinage. Prior to 1834, all gold coins, domestic and foreign, had disappeared from the circulation in consequence of the premium on gold, which, at the legal relation then existing of 15 of silver to 1 of gold, ranged between 5 and 7 per cent. after 1821, when the Bank of England began gold payments. It was not until after the California discoveries that gold was much used. Prior to that time the reserves of the state banks were almost wholly in silver, and largely in American half-dollars. This is well known to those whose recollection goes so far back, and it is a flagrant perversion of history to deny that silver performed a more important part than gold in the monetary history of this country during the greater part of the time down to 1862, although no silver mines had been until then discovered. and worked in the United States. Gold has predominated over silver in the circulation for a short period only, commencing after 1846, from the outflow of the Russian gold fields, followed by the outflow from California and Australia, and ending with 1862, when paper issues banished metallic money. During the eighty-four years, from the opening of the mint to the present time, and during the seventy years from the opening of the mint to the suspension of specie payments, silver predominated for fifty-four years in the coinage, and still more decisively in use and circulation.

The dollar piece was little called for, not only because it was superseded by the Spanish and Mexican dollar pieces, but because the half-dollar answered all the purposes of the dollar piece, and some purposes which it would not answer. To and including 1846, $58,964,673 were coined at the mint in half-dollars. The non-coinage of the silver dollar piece is of no more importance than the non-coinage, now made absolute and complete by law, of the dollar gold piece. It is no such trifling question as that which now agitates this country; but it is the demonetization of one of the two precious metals, and the striking down of prices to the standard of the other metal alone. It is not the silver dollar, but silver money, in whatever convenient forms the law may authorize and the owners of silver bullion may elect, whose restoration to its ancient and constitutional place is demanded.

It is urged by many that silver was practically demonetized by the act of 1834, which undervalued it; by others, that it was practically demonetized by the act of 1853, authorizing subsidiary silver coins. Although these persons disagree as to dates and causes, they agree in insisting that it was practically demonetized in some way, and at some time before 1873, and that the legislation of 1873-'74 in respect to silver merely gave legal expression to an existing fact. If silver was then already demonetized, the persistency of the efforts to secure the passage of a law to demonetize it appears remarkable. From June 9, 1868, when Mr. Sherman, chairman of the committee on finance, made a report to the United States senate, in favor of "a single standard, exclusively of gold," to February 12, 1873, no session of congress went by in which some bill relating to the coinage, to compass that object did not make its appearance. These efforts did not attract public attention, but the records exhibit them. Watchful and persistent labors are never undergone to accomplish what is already accomplished. The manifest truth is that silver was demonetized in 1873-'74, not because it was already demonetized, but because it was still money and stood in the way of the scheme to establish "a single standard, exclusively of gold." As the essence of money in the western world is the legal tender function, it is only by law that anything can be monetized or demonetized, and silver was as completely a money metal in this country until 1873-'74 as it had ever been. What is loosely spoken of as its practical demonetization at that time, was its temporary disappearance from the circulation, because its market value happened to exceed its mint value. Its legal demonetization had no practical effect for the time being, and there could have been no reason for it than the apprehension, since realized in fact, that the vicissitudes of mining, or the legislation of other countries, might again make silver rather than gold the more available metal, and bring it again into circulation.

Alleged reasons for the law of February 12, 1873, relating to silver. Effects of the law on public and private rights.

No adequate or satisfactory reasons for the enactment of the laws of 1873-'74, demonetizing silver, have ever been given. In the brief discussion on the bill in the house of representatives the principal reason assigned in favor of those sections which interdicted the future coinage of the silver dollar was, that its value was 3 per cent. greater than the value of the gold dollar, and that on this account it could not circulate concurrently with the gold dollar, and that no silver was brought to the mint to be coined for circulation. There certainly could not have been any pressing necessity for legislation prohibiting a coinage which was not asked for, and if it was wise to prohibit the coinage of silver because it could not circulate, it would have been equally wise to have prohibited the coinage of gold for the same reason. Paper money, to the exclusion of both gold and silver, had been the sole circulating medium for eleven years. It could not be urged that the business of the country was subjected to any injury or inconvenience by the fluctuations in the relative value of a metal which was not in use and whose coinage was not demanded. Nor can it be easily comprehended how any harm could have resulted from the retention of the option then undisputed of using either of the metals, neither of which was then in use. Such an option, always valuable, has since become of the greatest importance, and it seems strange that it should have been given away without any consideration.

Nor could it have been a reason for the passage of the act, that in consequence of constant fluctuations in the relative valuable of the metals the money standard was frequently changing from one metal to the other. Only one such had ever occurred in the history of the country, and that was not caused by a change in the relative market value of the metals, but by a change in their legal relation by the coinage law of 1834, which, by reducing the weight of the gold dollar, undervalued silver and caused it to be exported.

The law of 1873 was not needed to prevent the secretary of the treasury from paying the interest or principal of the public debt in silver, because under the option which the United States reserved when those debts were contracted, his duty to the country would require him to continue to pay in gold as long as it continued to be the cheaper metal. It cannot be supposed to have been the intention of the framers and supporters of the law to discourage silver mining, one of the great industries of the country, or to deprive the United States of the debt paying resource which its newly discovered silver mines furnished.

The object of the framers of the law could not have been to strengthen the public credit. The amount of credit which either a nation or an individual can possess, depends upon the strength and extent of the belief among lenders and capitalists that the borrower is both able and willing to meet the exact terms of his obligations. An offer to do more would subject the debtor to well merited suspicion and distrust. He cannot improve his credit by promising to pay a larger amount of money, or money of greater value, than the terms of the obligations held against him require. The sufficient, best, and only means of improving credit, public or private, is an exact performance of contracts. The debtor that insists upon all his rights and at the same time performs all his duties, is the one most confided in. Credit can be strengthened by fulfilling contracts but not changing them; by performing old promises and not by making new ones.

Nor could the object of the framers of the law have been to advance the value of bonds already sold and in the hands of purchasers. It would be of great public importance to enhance the value of bonds which the government was proposing to sell, but to overload the country with additional burdens for the purpose of enhancing the value of outstanding bonds, which would be to subserve gratuitously and unjustly private interests at the public expense. It would be very gratifying to national pride to have the bonds of the United States now in private hands command the highest prices in the markets of the world, but it could scarcely be deemed a wise financial policy in the present condition of the country to obtain that gratification by paying a premium for it. If, however, it were deemed advisable to enhance the value of bonds already sold, it should have been done by some plain and direct method, and in such a way that the country might know exactly what it was going to cost—as, for instance, by increasing the principal or rate of interest of outstanding bonds. It should not have been done by the indirect method of changing the medium of payment from gold or silver, at the option of the government, to gold alone. The additional burden which that might impose, from a rise in the value of gold, is incalculable.

The wisdom of refunding the public debt before maturity, by retiring old bonds with the proceeds of the sales of new ones bearing a lower rate of interest, would be unquestionable, if the new bonds were issued on the same conditions and terms as the old ones. But if the new bonds are to run on a long time, and are to be payable only in the rapidly appreciating metal, gold, instead of optionally in gold or silver as the old bonds are payable, it would be wise not to refund at all. The country can better endure the present rates of interest than an indefinite increase in the value of the money in which the principal of its debts is payable.

If the gold obtained by the issue of a bond payable only in gold was used to purchase silver wherewith to pay off the 5-20 bonds, which can be paid legally and equitably in silver as well as in gold, the country would gain the present difference between the currency prices of gold and silver. Such a gain would not justify the great and unknown risk of a long time promise of gold, but it would be worth something. But if the gold borrowed on gold bonds is to be applied directly to the payment of the 5-20 bonds, and the saving of converting it into silver for their payment is gratuitously thrown away, the operation would be, in all its aspects, a marvel of folly.

The defense most frequently made for the demonetizing act was, and is, that the silver dollar had been substantially out of circulation for twenty years. But those who made this defense forgot that, until demonetized, it had always possessed all the functions of money and served as a sure protection against any considerable rise in gold. It bore a premium of only 3 per cent. in 1873, and if coin payments had been resumed then, gold could not have risen more than 3 per cent. without bringing the silver dollar into immediate use. It was, when demonetized, standing guard against a rise in gold. To divest either metal of the money function because temporarily out of use would be reckless and unwise. As well might the commander of an army while a battle was raging disband and discharge his reserves because they were not engaged at the front. As well might the master of a ship cut loose and scuttle his lifeboats because the sky was clear and the sea calm, or because the transfer of passengers and crew from ship to boats might cause some inconvenience.

(To be continued.)